Contracting in the Future, Year 2010 and Beyond Contracting Summit

AMCOM Lean & Six Sigma

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4 Oct 2004

Where We Were

- AMCOM Lean Cadre formed Sep 03
- Primary Responsibility:
  - Improve lead times and productivity
  - Increase customer satisfaction
- Initial Focus:
  - Reduce administrative lead-time (ALT)
  - PM CH 47 (Soldier Focused Life Cycle Management)
  - Materiel management IPT

Why Lean?

- Smart way to transform AMCOM's future
  - Systematic approach to identify and reduce/eliminate wastes
  - Briefly study and quickly implement improvements
  - "Just Do It"
- Maximize scarce resources
- Aide in reducing cost, lead times and improving quality
- Create time for other needed tasks
- Improve customer value and satisfaction

How We Got Started

- Received training in value stream mapping and kaizen
- Learned the 8 deadly wastes
- Participated in a lean simulation
- Developed spares acquisition value stream maps and improvement implementation plan
- Benchmarked with industry
- Participated in kaizen events related to the spares acquisition process
- Defined lean from AMCOM perspective

AMCOM Lean Definition

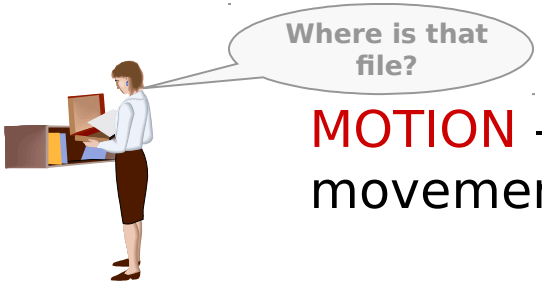
Continuous, relentless process of learning how to work together as an integrated, cross-functional team across the supply chain to dramatically reduce lead-time and become more efficient by speeding up our ability to:

- Identify and eliminate waste
- Plan and execute improvements
- Make faster decisions
- Follow-through to get measured results

Wastes Examples

OVERPRODUCTION – Working faster than the next customer can process

INVENTORY – Having more files than can be processed during a specified period of time

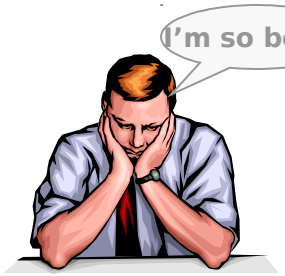


MOTION – Searching for data/files; unnecessary movement of data/files

TRANSPORTATION – Physical hand carry of data/files

Wastes Examples (Cont'd.)

WAITING – Waiting on data/files, approvals/signatures, information/responses (even though you can do something else!)



UNDERUTILIZED TALENT – Not understanding skill sets people bring to job, therefore don't maximize their potential

DEFECTS – Inspection/approvals; inaccurate/incorrect data; rework; cancellations; warranty claims

EXTRA PROCESSING – Doing more than required by next or end customer

Where We Are

- Conducted 65 lean events
- 636 personnel participated in a lean event
- Transformed to Office of Continuous Improvement
- Focus:
  - ALT Reduction
  - PM CH47 SFL
  - AMCOM functional organizations
- Growing to include other continuous improvement skills
- Working with PM CH47, AMCOM functional organizations and Boeing to improve administrative business processes
- Conducting value stream mapping and kaizen events
- Developing lean and six sigma awareness training
- Developing workforce communication strategy
  - Website • Newsletter

Lean and Six Sigma

- Complimentary of each other
- Both focused on the customer
- Based on understanding value from the point of the customer
- Lean eliminates non-value added work and improves flow through the value stream
- Six sigma reduces the variation or causes for errors in a value stream
- Both methodologies/skill sets tailored to be used for AMCOM administrative/transactional processes

Where We Are Going

- Work with primary organization elements
- Work with PMs/PEOs
- Work with industry
- Focus:
  - ALT Reduction
  - PLT reduction
  - SFL (PMs/PEOs)
  - AMCOM functional organizations
  - Team Redstone organizations
- Partnership with AMCOM depots continuous improvement offices

Examples

Acquisition Center Events

- CH-47 Spares Process
- AMCOM/Boeing Proposal Cycle Time Reduction

CH-47 Acquisition Value Stream Map

Date Event Held: 27-30 Oct 03

★ **PURPOSE:**
- To better support customer needs and improve support for the war-fighter
- Reduce administrative lead-time (ALT) by eliminating waste

★ **OBJECTIVE:**
- Reduce ALT by ~25%
- Be more proactive rather than reactive in providing support to the customer
- Reduce frustration and increase customer satisfaction

★ **METRIC:** Linear Administrative Lead-time

★ **GOAL:**
- Reduce administrative lead-time from 190 days to 142 days

★ **CURRENT STATUS:**
- Complete: 13 Tasks, 3 Kaizens, 5 Projects
- Work-in-progress: 1 Task
- Wk of 1 Nov 04 2nd update value stream map to identify additional opportunities for improvement (i.e. new future state map)

★ **IMPLEMENTATION PLAN - Tasks, Kaizens, Projects**

- Open
- In-progress
- Completed

RESULTS:

Major Improvements

1) Legal review turn-around time
2) Intercept turn-around time for Pre-award technical issues
3) Reduced rework
4) Developed MOA with DCAA to reduce audit lead-time
5) Improved commerciality determinations process

Overall Impact Oct – Aug
ALT reduction 51 days

Customer Impact: Faster Contract Awards

Note: RIEs also include Tasks and Projects

Boeing Apache Spares Proposal Cycle Time Reduction

AMCOM-Boeing Value Stream Map

Event date: 14-18 Jun 04

★ **PURPOSE:**
- Reduce Boeing-Mesa proposal turnaround time for all Apache Spares, esp. >$550k
- Buy all Boeing spares as Delivery Orders on LTC
- Pilot AMCOM Supplier Development for CH-47
- Share proposal CT reduction improvements with Boeing Philly

★ **METRIC:** Proposal Cycle Time (CT) (in days AMCOM ALT after contract awarded)

★ **GOALS:**
- Increase # Boeing LTC per year from 1 to 3
- Increase # NSNs per LTC from 90 to 100-400
- Reduce Boeing proposal CT on LTC from >300 days to <90 days
- Reduce Boeing "unique item" proposal CT to <12 days

★ **CURRENT STATUS:**

AMCOM	**Boeing-Mesa**
Complete: 2 tasks	1 task
WIP: 1 task	1 Kaizen, 5Projects

★ **PROJECT MILESTONES:**
- Boeing Supplier Agreements — 1 Jan 05
- Parametric Pricing — 1 Jan 05
- Document DCMA & DCAA agreements — Feb 05
- Joint team Proposal Phase mgt — 1 Nov 04

★ **IMPLEMENTATION - Tasks, Kaizens, Projects**

- **Open**
- **In-progress**
- **Completed**

RESULTS:

Improvement	ALT days Impact (Non-cum
1) After validation of Sole Source Rqmt, AMCOM forward electronically the PWD info to Boeing to begin proposal process	60 days (shift)
2) Forward simplified RFQ by email for rqmts <$100K	10 days (reduction)
3) Standard fee model for rqmts for all Apache Spares (annual review)	3-5 days (reduction)
4) Boeing provide AMCOM quantity breaks	20 days (reduction) (procurements requiring price breaks only)

Total ALT reduction - 30 days average

IMPACTS:
Soldier: Faster materiel receipts
AMCOM: Faster contract awards

BACKUP

Lean Results

- Decrease lead times
- Decrease cost
- Decrease inventory
- Decrease errors

- Increase responsiveness to customer
- Increase employee satisfaction
- Increase efficiency